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Stock

British Columbia Packers Limited

Present Company and Predecessors have Operated
Continuously since 1876

PACKERS OF



"CLOVER LEAF"

and other well known brands

CANNED SALMON, PILCHARDS, HERRING, OYSTERS AND CLAMS
FRESH, FROZEN, MILD CURED AND SMOKED FISH PRODUCTS
EDIBLE FISH MEALS AND OILS

Eighteenth Annual Report

FOR THE YEAR ENDED
APRIL 30, 1946



CLOVER LEAF SEA FOODS

British Columbia Packers Limited

VANCOUVER, CANADA

BOARD OF DIRECTORS

J. M. BUCHANAN, Vancouver, Canada.	J. H. GUNDY, Toronto, Canada.	J. P. D. MALKIN, O.B.E., Vancouver, Canada.
F. E. BURKE, Vancouver, Canada.	GEORGE KIDD, C.B.E., Vancouver, Canada.	A. HOWARD SPOHN, Vancouver, Canada.
STANLEY BURKE, Vancouver, Canada.	H. R. MACMILLAN, C.B.E., Vancouver, Canada.	AUSTIN C. TAYLOR, Vancouver, Canada.
J. H. COPEMAN, Montreal, Canada.	J. S. McLEAN, Toronto, Canada.	W. J. VAN DUSEN, Vancouver, Canada.
GORDON FARRELL, Vancouver, Canada.		A. H. WILLIAMSON, O.B.E., Vancouver, Canada.

OFFICERS

H. R. MACMILLAN, C.B.E., *President.*
STANLEY BURKE, *Vice-President.*
J. M. BUCHANAN, *Vice-President and General Manager.*
S. K. MURRAY, *Assistant General Manager.*
R. E. WALKER, *Production Manager.*
C. D. PENNEY, *Sales Manager.*
STUART M. HENRY, *Sales Manager for Eastern Canada.*
G. M. FERGUSON, *Comptroller.*
A. HAMILTON, *Secretary-Treasurer.*

REGISTRAR AND TRANSFER AGENT

The London & Western Trusts Company Limited,
Toronto and Vancouver, Canada

Co-Transfer Agent

Chartered Trust and Executor Company
Montreal, Canada

Auditors

Price, Waterhouse & Co.

British Columbia Packers Limited

Report of Directors

To the Shareholders,

BRITISH COLUMBIA PACKERS LIMITED:

The Consolidated Balance Sheet and the Consolidated statement of Profit and Loss and Earned Surplus of the Company for the year ended April 30th, 1946, are herewith submitted by your Directors.

As shown in the statement of Profit and Loss, the year's operations resulted in a profit of \$504,380.17 after making provision for depreciation and Dominion, Provincial and United States taxes. This increase of \$150,100.34 over the previous period, is entirely due to the earnings of the Companies purchased near the close of the previous year, and substantially to the earnings of the United States Subsidiaries.

The profit represents only 2.2% of the value of the total net sales for the year. This profit of one dollar for each forty-six dollars of production at sale value is insufficient having regard to the large amount of capital invested and the risks incurred in a business wherein millions of dollars must be expended in preparation for a fish run which in volume may prove to be far below expectations, and in which a year's production normally acquired within a short season and subject to decline, must be carried for comparatively long periods. Due to higher prices of raw fish, higher cost of supplies and increased payments for services the percentage of profit on turnover has declined as follows for years ended April 30th: 1940—6.3%; 1941—2.6%; 1942—3.5%; 1943—2.6%; 1944—2.6%; 1945—2.5%; 1946—2.2%.

WORKING CAPITAL:

Current and Working Assets amounted to \$7,265,110.51 and Current Liabilities to \$4,497,234.62 at April 30th, 1946.

Cash on hand, at banks and in transit at that date totalled \$807,482.37. Bank loans and overdraft at the same date amounted to \$1,406,836.17.

Funds derived from the profit of \$504,380.17, depreciation of \$565,941.78 and receipts of \$130,000.00 from sale of shares out of the treasury were more than offset by bond redemptions of \$150,000.00, dividends of \$243,488.25, capital additions and purchase of shares in other companies to an extent which reduced the net working capital by \$135,388.66.

CAPITAL ASSETS:

The increase in the gross Capital Assets of the Company arises from expenditures on a considerable number of the normal plant additions necessary for a company with such widespread operations and from the following major additions.

To provide necessary cold storage facilities and to meet the increased need for ice, the Directors authorized the building of a plant adjacent to the Imperial Cannery at Steveston. A large warehouse which had been built for the storage of the increased production of canned herring at the outset of the war was utilized for part of this programme. The cost of the major part of this construction is included in the increase shown this year in the Capital Assets.

A large net storage warehouse was also added to the Imperial Cannery unit to provide servicing facilities, particularly to the gill net fleet, and to reduce fire risk on nets.

With these additions Imperial constitutes a complete fish processing establishment, as shown in the picture on a following page.

Property and buildings owned by the Boeing Aircraft of Canada Limited situated in Vancouver Harbour were purchased for use in the storage of seine nets and general operating supplies. These buildings are fully sprinklered and constitute overall an excellent servicing facility for seine net fishermen using Vancouver Harbour.

The Fresh Fish Branch in Prince Rupert was expanded, and a large warehouse built at the Sunnyside Plant. Additional living accommodation was constructed at Namu.

During the year a 56 foot utility boat was built for our fleet and three others purchased.

Due to changing conditions in the fish buying operations ten floating fish-buying stations were added.

As stated in our April 30th, 1945, Report, a complete appraisal was authorized of all the floating equipment and plants of the Company and its Subsidiaries. This appraisal is now almost completed. Adequate insurance is maintained to protect the interests of the company.

On June 23rd, 1946, Kildonan and Deep Bay Plants were slightly damaged by an earthquake which centred near Vancouver Island.

The acquisition of several companies the previous year, and the purchase of three small operating and sales companies this year have contributed to the increase in volume of the combined sales of the Company which amounted to \$23,547,245.66 for the year, and have importantly widened and strengthened the selling organization. We now operate sales outlets in Vancouver, Victoria, New Westminster, Prince Rupert, Winnipeg, Toronto, Montreal, Seattle, Chicago, Cleveland and New York.

SHARE CAPITAL:

On April 17th, 1946, a Special Meeting of Shareholders sanctioned By-law No. 25, providing for division of the Company's share capital. This By-law was confirmed by the Secretary of State through the issuance of Supplementary Letters Patent dated May 20th, 1946. The new shares were listed on the Stock Exchanges in Vancouver and Toronto and on the Montreal Curb Exchange on June 5th, 1946.

U.S. EXCHANGE:

Conversion to Canadian dollars of net current U.S. dollar assets of American subsidiaries incorporated in the consolidated accounts at exchange rates in effect at April 30th, 1946, has been reserved for in the Balance Sheet in the amount of \$33,000.00, which is deemed to be ample.

NET SALES AND DISTRIBUTION OF PROCEEDS FROM SALES:

The following table shows the net sales and the distribution of net proceeds from the sale of products for the financial years ended April 30th, 1943, 1944, 1945 and 1946.

	1943		1944		1945		1946	
Net Sales	\$11,936,481	100%	\$10,731,873	100%	\$13,910,667	100%	\$23,547,246	100%
DISTRIBUTION OF SUCH PROCEEDS:								
Expended for Fish and Labour	7,276,921	60.9	6,779,797	63.2	8,738,681	62.8	①16,410,420	69.7
Expended for supplies and miscellaneous services	3,353,834	28.1	3,101,369	28.9	4,142,846	29.9	① 5,204,647	22.1
Depreciation (a source of funds for maintenance and renewals of fleet and plants)	332,423	2.8	356,526	3.3	406,192	2.9	565,942	2.4
Provision for Dominion, Provincial and United States Taxes including refundable proportion	665,260	5.6	212,709	2.0	268,669	1.9	857,692	3.6
Dividend paid to Shareholders	102,209	.9	204,418	1.9	204,418	1.4	243,488	1.0
Remainder left in the Company for maintenance of the business	205,834	1.7	77,054	.7	149,861	1.1	②265,057	1.2
	<u>\$11,936,481</u>	<u>100%</u>	<u>\$10,731,873</u>	<u>100%</u>	<u>\$13,910,667</u>	<u>100%</u>	<u>\$23,547,246</u>	<u>100%</u>

Attention is drawn to the steady rise in the proportion of the total revenue expended for fish and labour and the consequent decline in the proportion applied to other expenditures.

① Similar particulars for one subsidiary not available in comparable form therefore total is calculated on basis of Parent Company's records.

② Includes \$4,165.56 accruing to minority interest.

PRODUCTION FOR THE WHOLE PROVINCE OF BRITISH COLUMBIA:

The packs of salmon, herring and pilchards for the past five seasons may be compared from the tables shown below:

		Calendar Years				
CANNED SALMON (shown in cases):		1941	1942	1943	1944	1945
Sockeye		455,297	666,571	164,889	247,714	329,001
Cohoe, Springs, Bluebacks and Steelheads		445,337	240,533	199,795	204,835	234,609
Pinks		427,766	270,622	530,188	389,692	825,512
Chums		920,470	633,834	363,348	255,316	350,188
		<u>2,248,870</u>	<u>1,811,560</u>	<u>1,258,220</u>	<u>1,097,557</u>	<u>1,739,310</u>
		Overlapping Seasons				
HERRING:		1941-42	1942-43	1943-44	1944-45	1945-46
Total Catch (tons)		111,329	79,035	97,805	113,200	94,517
Canned (cases)		1,563,628	1,237,161	1,195,909	1,220,145	1,297,504
Oil (imp. gals.)		638,722	454,614	824,166	967,956	847,906
Meal (tons)		9,790	5,970	9,634	11,090	7,460
PILCHARDS:		1941-42	1942-43	1943-44	1944-45	1945-46
Total Catch (tons)		60,046	65,884	88,738	59,116	34,387
Canned (cases)		58,038	46,451	101,356	94,164	78,854
Oil (imp. gals.)		1,789,708	1,622,840	2,211,746	1,962,041	1,180,856
Meal (tons)		10,473	11,550	15,456	10,278	5,939

The total quantity of fish frozen in British Columbia was greater than the previous year by approximately 5,500,000 pounds and exceeded any previous year.

The British Columbia pack of mild cured salmon declined from the previous year.

Vitamin liver oils production of British Columbia was lower than in 1944. This reduction was due principally to a decline in the deliveries of grayfish (dogfish) from Hecate Strait, for, as forecast in our 1945 Report, production from this area dropped significantly.

Throughout a trying year your Company has maintained its proportion of production in the various types of operations, and by means of its strategically located plants along the entire British Columbia coastline is in an ideal position to reach a greater production if the fish crop is maintained.

The operations of the Company have been hampered not only by the difficulties arising out of shortages and interruptions in the supply of materials and equipment, but by the load imposed on the officers of the Company in coping with the multiplicity of price and trade regulations in Canada and the United States. These difficulties are still with us.

DISPOSITION OF THE WHOLE 1945 BRITISH COLUMBIA PRODUCTION:

Canned Salmon—

Of the 1945 British Columbia canned salmon pack the Canadian Government allocated for domestic use 304,000 cases, which represents about one-half of the quantity consumed annually in Canada under free marketing conditions pre-war, and far short of present annual requirements.

The remaining 1,435,000 cases were purchased by the Canadian Government for delivery to the British Ministry of Food. This agency, in turn, distributed a small proportion to other parts of the British Commonwealth.

Canned Herring—

The Canadian Export Board bought 1,067,000 cases of the canned herring production for delivery to U.N.R.R.A.

The British Ministry of Food took 230,000 cases, a large proportion of this purchase being destined for relief purposes.

Canned Pilchards—

The Canadian Government released approximately 10,000 cases of the canned pilchard pack for use in Canada, a small proportion of the output was allowed for export by the processors. The remainder was purchased by the Canadian Export Board for the needs of U.N.R.R.A.

Fish Meal—

In accordance with requirements of the Canadian Government all fish meal was reserved for the domestic market, whereas in the 1944 season 26% was allowed to be exported to the United States. This Government instruction seriously reduced the income of the Company from this source.

(Prior to Governmental control of Canadian exports approximately 90% of the fish meal produced in British Columbia was sold to the United States.)

Fish Oil—

The Canadian Government required that almost all the British Columbia production of fish oil be sold in Canada, whereas in the previous season the export of about 25% had been permitted.

Fresh, Frozen, Smoked and Mild Cured Fish—

During 1945 the principal markets for these items were Canada and the United States, with Great Britain taking a larger quantity of frozen halibut than in 1944.

THE 1946 SEASON TO DATE:

The pilchard fleet did not leave for the fishing grounds until July 20th and no catches had been made in Canadian waters up to August 5th. Small catches have been made off the Oregon-Washington Coast where the fleet first operated.

The canned salmon pack to date has been very disappointing and represents only about half of the production at this date in 1945 and is below the cycle year at the corresponding date. The total pack as at August 3rd was 254,945 cases. The sockeye salmon run has been poor on the Skeena River. The catch has been below expectations in the Central Area tributary to Namu. It is too early to report on the cycle return of the large Fraser River run of 1942 but there are indications from other fishing areas that salmon going to the Fraser River have now shown up at about the same dates as they appeared in 1942 and we are looking forward to a good return from that large run.

The run of pink salmon on the Naas and Skeena Rivers has been disappointing to date. It is too early to state what the run will be like in Johnstone Strait and the Central Area around Namu.

CONSERVATION OF FISHERIES RESOURCES:

Anyone who travels any portion of the thousands of miles of British Columbia coast quickly sees that only two resources, forests and fish, are available to provide primary employment in sufficient volume to support population. This question of sufficient volume of primary employment based on perpetually productive natural resources becomes supremely important when the population of British Columbia is growing so rapidly as at present.

The perpetuation of the forests as a permanent source of employment was studied in 1944 and 1945 by a Provincially-appointed Royal Commission, which recommended the adoption of many policies now receiving the consideration of the public, the Legislature and the Provincial Government. The outcome undoubtedly will be the strengthening of the Provincial Forest Service and the improvement of forest protection and administration with the intent of perpetuating and increasing the annual forest crop.

The above is stated to show that when it became evident that the forests were threatened, the responsible authority, in this case the Government of British Columbia, acted to ascertain the facts and to ascertain the measures to be adopted.

Similarly, if the perpetual full productivity of the fishery resource is threatened the responsible authority, in this case the Government of Canada, should act to ascertain the facts and to learn what remedial or conservation measures are necessary or advisable. The fact that about half the total value of the fish crop of Canada, for which the Canadian Department of Fisheries is responsible, is produced within British Columbia, emphasizes the responsibility of that Department toward the situation in this Province.

A forest crop requires here about 75 to 100 years to mature. The most of the salmon crop matures in 2 to 4 years. The reproduction rate is rapid. Therefore successful conservation measures promise a great and early return to the people.

Only a few years' continuation of past neglect may lead to the destruction of the crop on important large streams and many small streams.

What can happen is shown by the Government records of an important district, quoted below:

SOCKEYE AND CHUM CANNED SALMON PACKS WEST COAST OF VANCOUVER ISLAND CAUGHT IN AREAS INDICATED REGARDLESS OF WHERE CANNED —Quantities in Cases of 48 Pounds of Salmon—

Species	Area Where Caught	1938	1939	1940	1941	1942	1943	1944
Sockeye	Nitinat	1,484	908	586	1,004	1,134	731	570
	Barkley Sound	5,217	3,823	2,204	1,757	767	497	382
	Clayoquot	3,843	2,345	1,682	1,857	312	498	—
	Nootka	—	—	—	—	—	—	—
	Kyuquot	4	—	15	4	65	24	2
	Quatsino	23	516	—	—	—	—	—
	Total	10,571	7,592	4,487	4,622	2,278	1,750	954
Chums	Nitinat	16,775	30,684	41,661	61,971	77,079	2,200	1,985
	Barkley Sound	51,684	37,223	39,573	81,810	57,399	10,740	2,864
	Clayoquot	7,964	4,032	4,741	6,924	12,054	5,106	1,393
	Nootka	23,936	9,883	12,147	51,242	44,417	15,126	4,129
	Kyuquot	10,172	3,864	4,383	17,151	11,631	4,350	474
	Quatsino	13,784	9,498	5,443	3,821	6,639	6,352	380
	Total	124,315	95,184	107,948	222,919	209,219	43,874	11,225
COMBINED TOTAL		134,886	102,776	112,435	227,541	211,497	45,624	12,179

The foregoing tabular statement is worthy of study, not only by all those interested in fisheries, but also by all interested in the welfare of the people of British Columbia or of the people of Canada. Here is the dismal record of the avoidable tragedy of the disappearance of a great natural asset.

Another record given below leads to the conclusion that deterioration may be under way on the very important Naas and Skeena spawning grounds, areas wholly under Canadian jurisdiction:

SOCKEYE AND PINK CANNED SALMON PACKS— NAAS AND SKEENA FISHING AREAS Each Year to Weekend Nearest to August 3rd (From Department of Fisheries Official Records) —Quantities in Cases of 48 pounds of Salmon—

	1941	1942	1943	1944	1945	1946
Sockeye	98 M.	57 M.	38 M.	81 M.	110 M.	61 M.
Pink	36 M.	39 M.	25 M.	31 M.	76 M.	10 M.
	134 M.	96 M.	63 M.	112 M.	186 M.	71 M.

Similarly a possible serious trend for the total early season salmon crop for the Province is disclosed by the following statement:

SOCKEYE, PINK AND TOTAL CANNED SALMON PACKS—BRITISH COLUMBIA

Each Year to Weekend Nearest to August 3rd
(From Department of Fisheries Official Records)
—Quantities in Cases of 48 pounds of Salmon—

	1941	1942	1943	1944	1945	1946
Total Sockeye	304 M.	178 M.	112 M.	200 M.	282 M.	154 M.
Total Pink	53 M.	54 M.	42 M.	105 M.	142 M.	32 M.
Total All Salmon Packs	473 M.	303 M.	211 M.	366 M.	507 M.	255 M.

Those who argue that the foregoing statements show no continuation of the decline that has caused the disappearance of many canneries over several decades particularly in the northern areas, must concede that each stream is producing only a fraction of its potential fish crop.

However the overall salmon position has some encouraging features, which are shown in the table of total packs in a previous section of this report. The large pack of sockeye in 1942 reflected the marked increase in the Adams River run on the Fraser River System, and the large pink pack last year was due particularly to the heavy pink run in the Central area. These facts give evidence of what can be done to rehabilitate and increase certain cycles of salmon and we, therefore, stress the need for appropriate action to this end throughout the entire Province.

Virtually none of the many thousands of miles of valleys in which the salmon streams flow can produce any crop but salmon. That certain streams should in relation to their potentialities for salmon production remain so nearly sterile, and even be further declining, is a challenge to the Canadian Department of Fisheries. What the International Pacific Salmon Fisheries Commission is doing on the Fraser River should be undertaken by the Canadian Government on all important British Columbia salmon streams under Canadian jurisdiction. The start made on the Skeena River should be hastened and carried to productive action. Concurrently the necessary work should be done on many other potentially productive streams throughout the coast of British Columbia. Surely the salmon races constitute a crop like any agricultural crop and if sufficient knowledge of such crop management were available perpetuation and enhancement of salmon returns should be possible. Surely also, in view of the extensive natural spawning grounds of British Columbia, the potentialities of such management should be staggering to the imagination. What is needed in the Department of Fisheries is the same interest in fisheries, the same proportionate expenditures, the same Parliamentary support and the same devotion to objectives as is shown in the Canadian Department of Agriculture. There is hope in the fact that we now have a young and aggressive Minister of Fisheries in Honourable H. F. G. Bridges who we understand will be devoting all his time to this department and who is quoted in 'Canadian Business' as saying that he "hopes eventually to make the Department more nearly meet the needs of the time." He has an outstanding opportunity to make a name for himself in British Columbia's fishery history—not eventually, but now.

In the period of works-expansion which no doubt will be needed to give employment to men released from war activities, the adoption of the proper course now could overcome many of the early omissions. Instead of relying on restrictive regulations entirely for conservation, constructive measures should be undertaken. In the light of the foregoing, consideration might well be given to an utterance almost 43 years ago of one of the greatest students of salmon conservation—the late John Pease Babcock, then Fisheries Commissioner for the Province of British Columbia, who stated:

"Just so sure as you lessen the production of wheat by lessening the acreage planted, just so sure do you lessen the run of fish by lessening the spawning area and the number of fish permitted to reach it. It does not follow that there must be no fishing; that all the fish must be permitted to reach the spawning grounds, any more than it follows that *all* the wheat must be replanted to produce the same harvest, for the fish culturist, like the farmer, by cultivation and protection, produces a greater harvest with a less amount of seed than nature does."

The field cannot yield its best unless it is cultivated.

PERSONNEL AND INDUSTRIAL RELATIONS:

During the twelve-month period since the termination of hostilities with Japan this industry has not escaped the generally disturbed industrial relations which have prevailed throughout Canada.

All fish price arrangements for the 1946 season have been negotiated with the exception of herring. Most of our plant wage agreements have also been concluded. Higher rates and more onerous conditions have resulted. Advances have also been necessary in boat charter rates. All of these will naturally result in higher costs, and to date we have had little success in obtaining higher ceiling prices for our products.

During 1945 a construction programme was started to provide additional and improved employee facilities at the various plants. This programme is being continued during 1946.

The Company has welcomed back to employment most of those who joined the armed services. In keeping with the policy of the Company ex-service personnel have been given preference in new positions.

The Directors of the Company acknowledge their sincere appreciation of the valuable service performed by the fishermen, employees and officials of your group of Companies who have worked to achieve the results reported herein.

Respectfully submitted,

H. R. MacMillan

President.

Vancouver, Canada,
August 8th, 1946.

British Columbia and Subsidiaries

Consolidated Balance Sheet

ASSETS

CURRENT AND WORKING ASSETS:

Cash at banks, on hand and in transit	\$	807,482.37	
\$270,000.00—Dominion of Canada War Loan Bonds—at cost		270,000.00	
(Quoted market value \$271,350.00)			
Sundry debtors—			
Due from the Government of Canada	\$	219,027.72	
Bills and accounts receivable, advances to fishermen and others secured and unsecured, less reserve		1,941,285.25	2,160,312.97
INVENTORIES—			
Canned salmon, herring, clams, pilchards, meal and oil, fresh and frozen fish, etc., on hand, of which \$1,174,502.73 are valued at the lower of cost or market prices and of which \$393,246.36 are valued on the basis of (a) amount sold under sales contracts at net selling value, (b) remainder at cost (excluding depreciation) or mar- ket prices, whichever is lower	\$	1,567,749.09	
Store merchandise, cans and boxes, new nets, packing mater- ials, etc.—at cost or market, whichever is lower		2,073,217.06	
Used nets, gillnet boats, fishing and operating supplies—as valued by the management		330,569.11	3,971,535.26
Unexpired insurance and prepaid items		55,779.91	\$ 7,265,110.51
SUNDRY INVESTMENTS			26,259.00
ESTIMATED RECOVERABLE PORTION OF EXCESS PROFITS TAX—per contra			292,479.55

CAPITAL ASSETS:

Freehold land at 1938 assessed values plus subsequent additions—at cost	\$	165,854.96	
Leasehold lands at nominal value		1.00	
Buildings, plant, machinery, etc.—At replacement values of assets appraised in 1929 by the Canadian General Appraisal Co. Ltd. less retirements and abandonments thereof at such values plus the cost of subsequent additions and floating equipment—at cost or less	\$	9,575,632.02	
Less—			
Reserve for depreciation		6,235,602.85	3,340,029.17
LICENSES, trade marks, goodwill, etc., at book values			1,206,357.17

\$12,296,091.36

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the consolidated balance sheet of British Columbia and Subsidiaries for the year ended on that date. In connection therewith we have examined the accounting records and other supporting evidence and made a general review of the accounts to make a detailed audit of the transactions.

In connection with the four subsidiary companies, whose accounts we did not examine, we have examined the accounts of the four subsidiary companies for the year ended April 30, 1946, together with related statements of profit and loss and earned surplus, and the accounts of the four subsidiary companies. These accounts are included in the attached consolidated statement and report.

We report that we have obtained all the information and explanations which we believe necessary for the purpose of our audit and that the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the financial position of the companies according to the best of our information and the explanations given to us and as shown by the accounts of the companies referred to above.

Vancouver, B.C.,
August 1, 1946.

Packers Limited

y Companies

et as at April 30, 1946

LIABILITIES

CURRENT LIABILITIES:

Bank loans and overdrafts.....	\$ 1,406,836.17	
Sundry creditors, including accrued interest, etc.....	2,284,034.32	
Reserve for taxes on income and other taxes after payments of \$183,529.42 on 1945-6 taxes on income.....	806,364.13	\$ 4,497,234.62

MINORITY INTEREST IN CAPITAL AND SURPLUS

OF A SUBSIDIARY HOLDING COMPANY.....	82,076.12
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3% FIRST MORTGAGE SERIAL BONDS REDEEMABLE AT PAR AT COMPANY'S OPTION IN AMOUNTS OF NOT LESS THAN \$25,000.00 OR A MULTIPLE THEREOF:

Aggregate principal amount which may be outstanding.....\$ 1,500,000.00

Repayable in equal annual instalments of \$150,000.00 each to March 1, 1955.....	1,350,000.00
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RESERVE FOR DECLINE IN CONVERSION VALUES

OF NET CURRENT ASSETS OF U.S. SUBSIDIARIES.....	33,000.00
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CAPITAL AND SURPLUS:

CAPITAL—

Authorized:

390,994 common shares—no par value

Issued:

141,279 common shares—no par value.....\$ 3,730,000.00

CAPITAL SURPLUS—

Arising from profits (net) on disposals of capital assets, etc.....251,031.09

DEFERRED SURPLUS—

Estimated recoverable portion of excess profits tax—per contra.....292,479.55

EARNED SURPLUS—

Per statement attached.....2,060,269.98 6,333,780.62

CONTINGENT LIABILITIES:

Bills under discount, endorsements, etc.....\$ 227,445.19

NOTE:

Net assets of American subsidiary companies amounting to U. S. \$570,443.17 (exclusive of property, plant and equipment included mainly at par of exchange but inclusive of \$270,000.00 par value of Dominion of Canada bonds) have been incorporated in the consolidated accounts at the official rate of exchange of the Foreign Exchange Control Board in effect as at April 30, 1946.

Approved on behalf of the Board:

H. R. MacMILLAN, *Director*.

J. M. BUCHANAN, *Director*.

\$12,296,091.36

a Packers Limited and subsidiary companies as at April 30, 1946 and of the statement of
with, with the exception of four companies referred to below, we examined or tested
ounting methods and of the operating and income accounts for the year, but we did not

ne, we inspected the balance sheets thereof prepared as of a date within one month of
d the reports thereon of the Chartered Accountants who are the appointed auditors of the
esent approximately 16% of the consolidated net assets.

ave required and that, in our opinion, based on the examination indicated in this report,
rect view of the state of the affairs of the combined companies as at April 30, 1946,
by the books of the companies which we examined and by the audited accounts of the

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

British Columbia Packers Limited

and Subsidiary Companies

Consolidated Statement of Profit and Loss and Earned Surplus as at April 30, 1946

Sales of fish and fish products—net.....				\$23,547,245.66
<i>Deduct—</i>				
Cost of sales.....			20,380,347.68	
				<u>\$ 3,166,897.98</u>
<i>Deduct—</i>				
Selling, administrative and general expenses including interest on bank loans, etc. less miscellaneous profits and other income			1,115,319.17	
				<u>\$ 2,051,578.81</u>
<i>Deduct—</i>				
Depreciation	\$	565,941.78		
Directors' fees		1,225.00		
Management and executive salaries.....		49,783.33		
Legal fees and expenses.....		24,140.93		
Provision for taxes on income.....		857,692.04		
Interest on bonds.....		44,250.00	1,543,033.08	
				<u>\$ 508,545.73</u>
Profit for the year ended April 30, 1946.....				\$ 508,545.73
<i>Deduct—</i>				
Proportion of subsidiary holding company's profit accruing to minority shareholders			4,165.56	
				<u>\$ 504,380.17</u>
<i>Add—</i>				
Surplus as at April 30, 1945.....	\$	1,806,790.24		
<i>Add—</i>				
Recoverable portion of U.S. excess profits taxes realized during the year ended April 30, 1946			22,616.32	
				<u>\$ 1,829,406.56</u>
<i>Less—</i>				
Dividend paid	\$243,488.25			
Provision for decline in conver- sion values of net current assets of U.S. subsidiaries	30,028.50	273,516.75	1,555,889.81	
Earned surplus as at April 30, 1946.....				<u><u>\$ 2,060,269.98</u></u>



1. Cold Storage

2. Fresh Fish
Processing Building

3. Boiler House

4. Refrigerated
Fish Barge

5. Herring Cannery

6. Salmon Cannery

7. Meal & Oil Plant

8. Nethouse and
Warehouse

IMPERIAL PLANT STEVESTON, BRITISH COLUMBIA

Ken Fraser - Manager

In its 54 continuous operating seasons Imperial, at the mouth of the great Fraser River, has developed from a small salmon cannery to a plant considered to be the largest fish processing establishment in the British Commonwealth engaged in the canning of salmon, herring and clams; the processing of fresh, frozen, smoked and cured fish; the production of edible meals and oils; the making and storing of ice. The picture above shows the units in which these various operations are conducted, and below are given a few details concerning these plant subdivisions.

1—Depicts the cold storage unit which was commenced in January of this year and is now almost completed. It consists of 3 double-ended sharp freezers having a capacity of 120,000 pounds of fish a day, and an ice making plant which can produce 40 tons daily with storage space for 2,000 tons. The capacity for storage of frozen fish is about 2,000,000 pounds.

2—Shows the new fresh fish processing building. Here the deliveries of fish are received and the fish are prepared for the cold storage.

3—The boiler house contains 2 boilers totalling 750 h.p. These deliver steam at 125 p.s.i. for processing and heating.

4—The refrigerated fish barge is an insulated barge, with built in refrigerating machinery, which is used for the transportation of fish from the plant to shipping points. It has a capacity of 75 tons of fish.

5—This is the herring cannery, opened in 1938. The capacity is approximately 8,000 cases of ovals and 2,000 cases of talls a day, equal to 250 tons of processed food, requiring 500 tons of raw fish. A full day's running of the herring cannery at Imperial (employing 2 shifts) is sufficient to provide one helping of fish each to 1,000,000 people. This unit has been so constructed that in case of a heavy run of salmon the tall lines may be used to can salmon.

6—The Salmon cannery is a unit comprising 10 lines of vacuum type machinery capable of a daily output (using 1 shift) of from 6,000 to 8,000 cases each containing 48 pounds of salmon. This variation in the daily capacity is determined by the size of the fish and the type of can used.

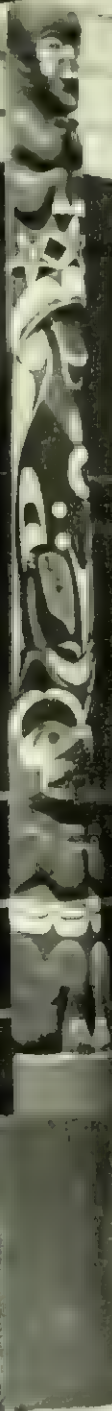
7—So that every ounce of the valuable food material may be properly utilized, Imperial operates a meal and oil unit in connection with its other activities, where all so-called "waste" from the various processings is converted into fish meals and oils. The fish meals are used as protein food for stock and poultry. The fish oils are used as ingredients in stock and poultry food, and for industrial services such as the manufacture of soaps and paints, the tanning of leather and cutting of metals. Some fish oils are valuable for medicinal purposes.

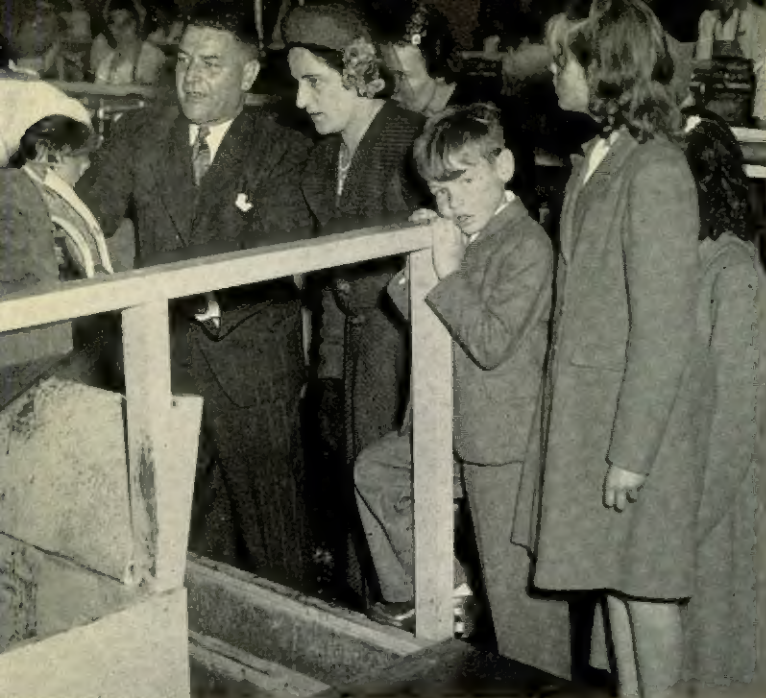
8—The combined nethouse and warehouse is a two-storey structure, 182 feet in length and 80 feet wide, with 14 foot ceilings. The nethouse provides a servicing facility, particularly for gillnet fishermen.

On Tuesday, July 16th, 1946, Imperial Plant was honoured by a visit from His Excellency the Governor-General of Canada, Field Marshal, The Right Honourable Viscount Alexander of Tunis, G.C.B., C.S.I., D.S.O., M.C., and Her Excellency Viscountess Alexander, who were accompanied by their children and members of the vice-regal party. The pictures on the following pages show incidents during their visit.

IMPERIAL GENERAL STORE

FRESH MEATS
GROCERIES ~ VEGETABLES





Highlights of the Vice-Regal Visit to Imperial Plant, July 16, 1946

Left—His Excellency at the entrance to Imperial General Store, which supplies Plant Employees and Fishermen.

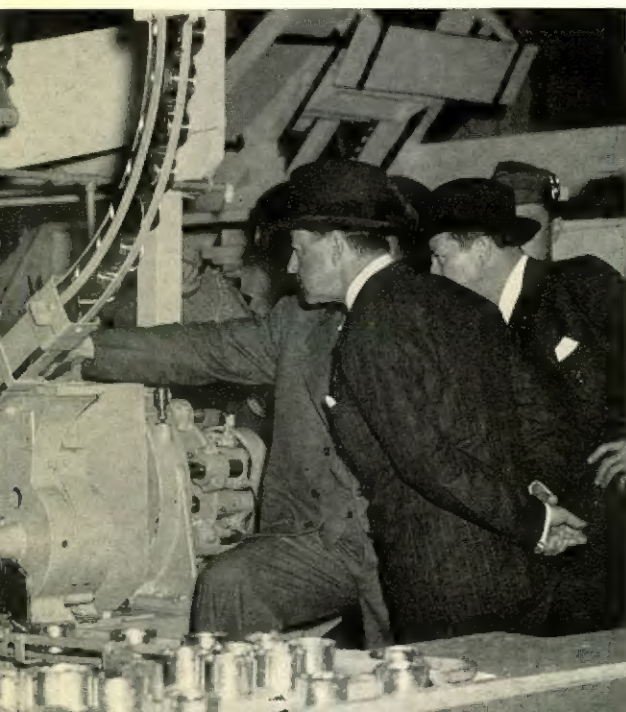
Above left—Her Excellency watching fish being cleaned automatically by the "iron chink".

Above right—His Excellency viewing a display of the products of Imperial Plant.

Centre—His Excellency watching the splitting of large salmon for mild cured products.

Lower Left—His Excellency observing the action of the automatic filling machine.

Lower right—Their Excellencies and Party leaving Imperial.



SKEENA RIVER

The Skeena River is the most important stream of the Northern Coast of British Columbia. In length it is approximately 325 miles, but because of the volume of its waters and the wide range of its lake-fed tributaries it is, next to the Fraser, the largest river in the Province. As a salmon producing stream it ranks second amongst British Columbia's four great river systems. The drainage basin is 19,810 square miles—only 1,258 square miles less than the area of the Province of Nova Scotia.

The most important of the Skeena's tributary rivers (naming them from the mouth as they flow in) are the Ecstall, Lakelse, Kitsumgallum, Bulkley, Kispiox and Babine, each of which has numerous feeder lakes and streams. The sockeye fry feed and develop in lakes, therefore lakes on the tributary streams are most important.

Chief of the tributary rivers is the Bulkley, 118 miles in length, which joins the Skeena at Hazelton.

Babine is the greatest lake feeding the Skeena. Situated some 280 miles from tidewater, this deep lake is about 95 miles long with a width that varies from 2 miles to 7½ miles and, having an area of 249 square miles, is British Columbia's largest body of inland water.

Because of the extent and diversity of its lake and stream tributaries the Skeena attracts all five varieties of Pacific salmon.

Pre-eminently it is the stream of the sockeye, for the river's many tributary lakes provide these most individual of fish with spawning grounds entirely to their liking, as sockeye seem to prefer reaching such areas by travelling up rivers leading to lakes through which they pass to smaller streams. In consequence this species runs to most of the principal tributaries of the Skeena. Throughout this range of waters, however, it is the Babine system which affords the sockeye the greatest area of suitable spawning grounds.

Spring salmon appear in all sections of the Skeena. The volume and turbulence of its waters no doubt appeal to these strong, far-travelling fish.

The runs of coho are chiefly to the Ecstall, Lakelse, Kitsumgallum, Bulkley, Kispiox and Babine areas.

Pinks frequent the Skeena and are found throughout the Ecstall and Lakelse systems, as well as in most of the tributary streams.

True to their characteristics of spawning in streams near salt water, chum salmon do not proceed far up the Skeena, the Ecstall and its tributaries being about the extent of their journey.

There are not the same marked periodic fluctuations in the sockeye runs on the Skeena that distinguish some districts. Unfortunately there has been a steady decline in the average packs over the past years. The pink pack also has become considerably less.

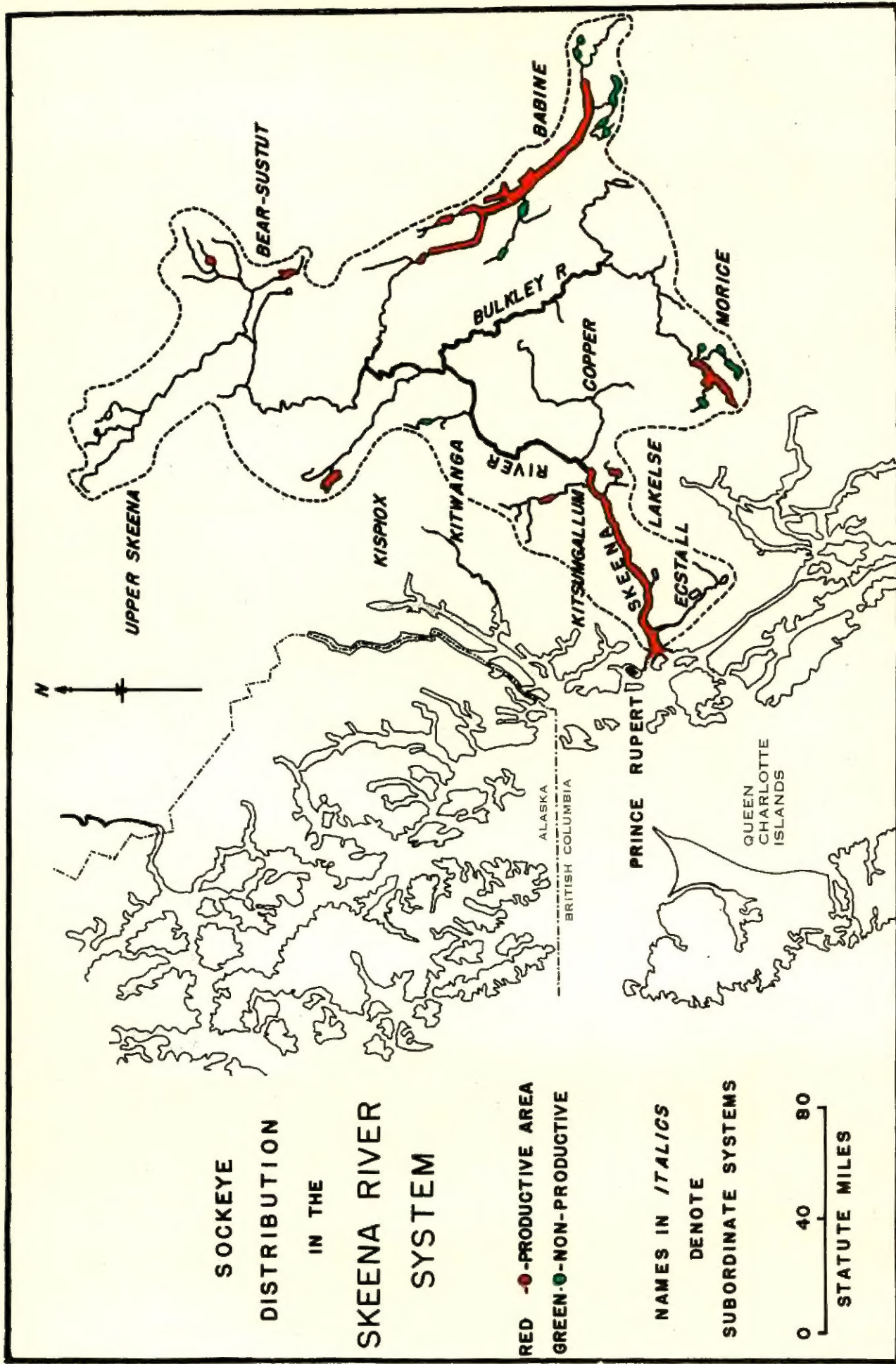
It was, therefore, encouraging to be able to report last year that the Dominion Department of Fisheries had commenced a field study of the Skeena River sockeye run. This survey is being continued during the present season.

The study of the Skeena is particularly gratifying to your Directors who have consistently associated the Company with any action by the Fishing Industry of British Columbia to impress upon the Dominion Department of Fisheries the urgent necessity of maintaining at their highest level the fisheries resources of the Province. This attitude, it may be said, is a tradition of British Columbia Packers Limited, for over thirty-seven years ago a predecessor company was one of the principal members of a group within the Industry then seeking to have remedial measures taken to restore the Fulton River run.

Fulton River, which is the largest tributary of Babine Lake, is the home stream of a particularly large sized and virile race of sockeye now prevented from reaching its former home spawning grounds, on the shores of Fulton Lake and in the streams beyond it, by falls which (probably through the action of slides over a number of years) have become insurmountable.

Heeding the earnest representations of the Industry, in 1909 the Provincial Department of Fisheries, which then apparently assumed charge of such matters, had a survey of this obstruction made. A report was submitted but the cost of the work (then somewhere in the neighbourhood of \$20,000.00) seemingly precluded the Provincial Government from attempting the work without assistance from the Dominion Department of Fisheries. At different times throughout this period of almost two-score years interested parties have stressed the necessity for a fish passage over the cataract of Fulton River, where the stream pours from Fulton Lake in two waterfalls, one of which has a sheer drop of over 60 feet. This obstacle to the ascent of salmon confines the race to the remaining 4 or 5 miles of Fulton River before that stream enters Babine Lake. As this stretch affords no suitable spawning grounds, being rough and boulder-strewn, a race of valuable sockeye has been vainly attempting to spawn on the bare rock and has become progressively less with every returning migration, simply because the parent fish are debarred from their native spawning grounds.

It is hoped that the field study now being conducted will be of benefit in showing how such conditions can be overcome and the Skeena River brought to produce more sockeye than heretofore.



Map of Skeena Watershed showing particularly the sockeye distribution in this large river system. (Courtesy of Pacific Biological Station, Nanaimo.)

CLOVER LEAF SEA FOODS